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A'S & ACES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
A'S & ACES

Report on the Financial Statements

We have audited the accompanying financial statements of A'S & ACES (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
A'S & ACES

Auditors' Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **A'S & ACES** as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
A'S & ACES

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated in all material respects in relation to the financial statements as a whole.


BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

New Orleans, Louisiana
November 30, 2015

A'S & ACES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

Cash (NOTES 1 and 8)	\$ 160,601
Accounts receivable	15,889
Prepaid expenses	1,246
Transportation equipment, net (NOTES 1 and 5)	<u>6,143</u>
Total assets	<u><u>\$ 183,879</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	<u>\$ 4,623</u>
Total liabilities	<u>4,623</u>
Net assets:	
Unrestricted (NOTE 1)	<u>179,256</u>
Total net assets	<u>179,256</u>
Total liabilities and net assets	<u><u>\$ 183,879</u></u>

The accompanying notes are an integral part of these financial statements.

A'S & ACES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total
Contributions (NOTE 1)	\$ 147,125	\$ -	\$ 147,125
Contributions - in-kind (NOTE 3)	158,602	-	158,602
Private grant	10,300	-	10,300
Program revenue	58,273	-	58,273
Fundraising	66,778	-	66,778
Net assets released from restrictions:			
Satisfaction of program restrictions	5,000	(5,000)	-
 Total support and revenues	 446,078	 (5,000)	 441,078
 EXPENSES:			
Program services	346,251	-	346,251
Management and general	15,699	-	15,699
 Total expenses	 361,950	 -	 361,950
 Change in net assets	 84,128	 (5,000)	 79,128
 Net assets, beginning of year	 95,128	 5,000	 100,128
 Net assets, end of year	 \$ 179,256	 \$ -	 \$ 179,256

The accompanying notes are an integral part of these financial statements.

A'S & ACES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 79,128
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,352
Changes in assets and liabilities:	
Decrease in accounts receivable	7,981
Decrease in prepaid expenses	2,359
Increase in accounts payable and accrued expenses	<u>683</u>
Net cash provided by operating activities	<u>93,503</u>
Net increase in cash and cash equivalents	93,503
Cash and cash equivalents, beginning of year	<u>67,098</u>
Cash and cash equivalents, end of year	<u><u>\$ 160,601</u></u>

The accompanying notes are an integral part of these financial statements.

A'S & ACES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

(A) Organization

A's & Aces is a 501(c)(3) not-for-profit organization dedicated to serve as an intensive youth development program with a focus in tennis, academic tutoring, and character development for the City of New Orleans, Louisiana youth by developing skills in tennis; assisting the City of New Orleans' youth and other institutions on pursuing excellence in education and athletics for New Orleans' youth; bringing academic support and tennis to those who would not otherwise have the opportunity; offering after-school tennis and academic programs; offering summer tennis and academic programs; sponsoring, organizing, and participating in other activities of a non-profit charitable, educational or scientific nature compatible with the foregoing; and transacting any other lawful business for which an organization may be formed under Chapter 2, Title 12 of the Louisiana Revised Statutes.

A'S & ACES files as a tax-exempt organization. Should that status be challenged in the future, **A'S & ACES'** 2012, 2013 and 2014 tax years are open for examination by the IRS.

(B) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(C) Financial Statement Presentation

For the year ended December 31, 2014, **A'S & ACES** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, **A'S & ACES** is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. In addition, **A'S & ACES** is required to present a statement of cash flows.

A'S & ACES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

(C) Financial Statement Presentation, Continued

Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets - Support, revenues, and expenses for the general operation of **A'S & ACES**.

Temporarily restricted net assets - Contributions specifically authorized by the donors to be used for a certain purpose or to benefit a specific accounting period.

Permanently restricted net assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **A'S & ACES**. Generally, the donors of these assets permit **A'S & ACES** to use all or part of the income derived from the investment of these contributions.

At December 31, 2014, **A'S & ACES** has no temporarily or permanently restricted net assets.

(D) Contributions

A'S & ACES accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition* accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

A'S & ACES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies. Continued:

(E) Transportation Equipment

Transportation equipment are stated at cost. Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable assets are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in the statement of activities.

Depreciation of transportation equipment is provided over the estimated useful life of the assets (three to five years) on a straight-line basis.

(F) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, **A'S & ACES** considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

(G) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - Functional Allocation of Expenses:

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

A'S & ACES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - In-Kind Contributions

A'S & ACES receives a substantial amount of its public support from in-kind contributions. In-kind contributions received during 2014 consisted of the following:

Professional services	\$ 88,869
Tennis courts	53,789
Office space	11,600
Program supplies	<u>4,344</u>
Total	\$ <u>158,602</u>

In-kind contributions are recorded as donated facilities and materials and services in the accompanying financial statements at their estimated fair value.

NOTE 4 - Donated Professional Services:

As part of its program services, **A'S & ACES** relies on volunteers to tutor and instruct students. These contributed services included tutoring and instructing through Coaches Across America, Tulane University, AmeriCorps Vista, etc. The total fair value of these contributed instructional service hours for the year ended December 31, 2014 is estimated to be \$61,801 and is included in contributions and expenses in the statement of activities.

Also, donated professional services totaling \$27,068 are included in contributed professional services expense (general and administrative) and contributions in the statement of activities for the year ended December 31, 2014. Donated professional services include legal, accounting, and website management and are valued at the donors' standard fees.

A'S & ACES also has volunteer service hours unrelated to programming in 2014, which consist of various tasks primarily related to its fundraising activities. No amounts have been reflected in the accompanying financial statements for non-programming related service hours since they do not meet the criteria for recognition under FASB Accounting Standards Codification ("ASC") 958-605, *Not for Profit Entities, Revenue Recognition*.

A'S & ACES
NOTES TO THE FINANCIAL STATEMENTS. CONTINUED

NOTE 5 - Transportation Equipment:

Transportation equipment, at cost, and accumulated depreciation as of December 31, 2014 are summarized as follows:

Transportation equipment	\$ 16,758
Less: accumulated depreciation	(10,615)
Net transportation equipment	\$ <u>6,143</u>

Depreciation expense for the year ended December 31, 2014 was \$3,352.

NOTE 6 - Economic Dependency:

The primary sources of revenues for **A'S & ACES** are contributions and grants. The continued success of **A'S & ACES** is dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding.

NOTE 7 - Subsequent Events:

A'S & ACES is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition or disclosure in the financial statements. **A'S & ACES** performed such an evaluation through November 30 2015, the date which the financial statements were available to be issued.

NOTE 8 - Concentration of Credit Risk:

A'S & ACES maintains noninterest-bearing accounts at a local bank. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage up to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. At December 31, 2014, **A'S & ACES'** deposits were fully insured.

SUPPLEMENTARY INFORMATION

A'S & ACES
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Program Services	Management and General	Total
Salaries and fringe benefits	\$ 119,633	\$ -	\$ 119,633
Contractual services	52,804	-	52,804
Travel and conferences	6,213	-	6,213
Professional fees	-	6,081	6,081
In-kind	158,602	-	158,602
Book and education materials	2,429	-	2,429
Tennis equipment	1,449	-	1,449
Tournaments and fees	3,265	-	3,265
Other program expenses	320	-	320
Awards	1,536	-	1,536
Staff support and training	-	828	828
Marketing and advertising	-	627	627
Telephone	-	2,396	2,396
Dues and memberships	-	882	882
Office expenses	-	1,488	1,488
Depreciation	-	3,352	3,352
Other	-	45	45
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u><u>\$ 346,251</u></u>	<u><u>\$ 15,699</u></u>	<u><u>\$ 361,950</u></u>

See Accompanying Independent Auditors' Report